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PRESS STATEMENT
FOR IMMEDIATE RELEASE

CONTACT: Wayne Metcalf, Insurance Commissioner
Insurance Division
Department of Commerce and Consumer Affairs
586-2799

HONOLULU – May 30, 2002 – Wayne Metcalf, the State Insurance Commissioner, today announced that a court has declared HIH America Insurance Company of Hawaii, Inc. (HIH Hawaii) to be insolvent. The declaration of insolvency results in the transfer of all claims to the Hawaii Insurance Guaranty Association (HIGA). “As a practical matter, the declaration of insolvency will not affect injured workers’ claims or their medical treatment. The Liquidator of HIH Hawaii and HIGA are working together to ensure the smooth transfer of the claims. Injured workers will not experience any delay in the processing or payment of their claim because of this declaration,” stated Metcalf.

Hawaii’s market conditions did not cause HIH Hawaii’s financial problems. The problem was caused in part by two affiliated California companies that became insolvent and saddled HIH Hawaii with their debt. “The downfall of the California companies, and not the Hawaii market, was a cause of HIH Hawaii’s problems. But for the insolvency of the California affiliates, HIH Hawaii’s insurance business operations would be financially sound,” Metcalf stated.

HIH Hawaii was a workers compensation insurance company providing coverage for companies located in Hawaii. The Hawaii Insurance Division took control of HIH Hawaii on March 30, 2001 to protect the interests of the public and the company’s policyholders and creditors. The declaration of insolvency is another step in the legal process to liquidate HIH Hawaii and its business activities.

Consumers, policyholders and providers with questions regarding HIH Hawaii may contact HIH Hawaii at 532-1473, P.O. Box 1350, Honolulu, HI 96813 or the Hawaii Insurance Division at 586-2790, P.O. Box 3614, Honolulu, HI 96811. Questions on claims may be directed to Hawaii Insurance Guaranty Association at 528-1222, P.O. Box 4660, Honolulu, HI 96812.

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The Hawaii Insurance Division oversees the Hawaii insurance industry, issues licenses; examines the fiscal condition of Hawaii-based companies; reviews rates and policy filings; and investigates insurance related complaints.

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